



Amherst Massachusetts

ASSISTANT TOWN MANAGER / FINANCE DIRECTOR

Town Hall
4 Boltwood Avenue
Amherst, MA 01002-2301
www.amherstma.gov

Phone: 413-259-3022
Facsimile: 413-259-2401
finance@amherstma.gov

April 2, 2010

TO: Larry Shaffer, Town Manager
Select Board

FROM: John P. Musante, Assistant Town Manager/Finance Director *JPM*

SUBJECT: Background Information – ATM Articles 2, 3, 4, 6, 7, 10

ARTICLE 2. Transfer of Funds – Unpaid Bills (Select Board)

To see if the Town will, in accordance with Chapter 44, Section 64, of the Massachusetts General Laws, appropriate and transfer a sum of money to pay unpaid bills of previous years.

This is an annual article that allows the Town to pay unpaid bills from a prior fiscal year, if any, for which funds were not already encumbered. As of this date, the Town is not aware of any such bills requiring action by Town Meeting. If no such bills are received prior to Town Meeting, the Finance Committee will move to dismiss this article.

ARTICLE 3. Optional Tax Exemptions (Select Board)

To see if the Town will authorize a maximum additional exemption of up to 100 percent for taxpayers qualifying for exemption under Chapter 59, Section 5, Clauses 17D, 22, 37A, or 41C of the Massachusetts General Laws.

This local option authorizes assessors to reduce property taxes for certain qualifying taxpayers (limited income elderly or blind persons, veterans and surviving spouses). The reduction is in addition to the base amount allowed by the state. The option has been in effect in Amherst since FY 94, the first year for which Town Meeting adopted it. The option must be renewed annually. The total cost to the Town in FY 10 to provide these tax exemptions, including the optional tax exemptions, was \$113,166 in foregone tax receipts. Reimbursement by the state for the base exemptions was \$39,754. The cost to the Town in FY 10 to provide the additional optional tax exemptions was \$42,141. See attachment #1: Memorandum from Principal Assessor David Burgess.

ARTICLE 4. Authorization for Compensating Balances (Select Board)

To see if the Town will accept the provisions of Chapter 44, Section 53F of the Massachusetts General Laws, which authorize the Treasurer to enter into written agreements with banking institutions pursuant to which the Treasurer agrees to maintain funds on deposit in exchange for banking services.

Acceptance of this provision of the Massachusetts General Laws authorizes the Town Treasurer to enter into certain banking agreements that require maintenance of a minimum account balance. These agreements typically offer either higher interest rates or some free services in exchange for maintaining a minimum balance. Town Meeting authorization is required annually because, in effect, funds may be expended for services without an appropriation. The Treasurer bids all banking services and bank service fees and determines which proposals are most advantageous for the Town. It is appropriate to provide the Treasurer with the flexibility to use this type of account.

ARTICLE 6. Retirement Assessment (Select Board)

To see if the Town will raise and appropriate \$3,190,355 for the Hampshire County Retirement System assessment.

The Town, as a member of the Hampshire County Retirement System, pays an annual assessment that covers benefits to current retirees and funding for future retirees. The assessment is based on the payrolls of municipal and library employees as well as non-teaching elementary school employees. The \$3,190,355 to be appropriated for the retirement assessment in this article is an increase of \$189,703, or 6.3%, from the FY 10 assessment and represents the General Fund share of the assessment. In addition, the Enterprise Funds are allocated their share of the total assessment of \$3,540,835 in their respective budgets. It includes an annual payment of \$239,314 to fund the liability created by the Early Retirement Incentive program adopted by the Town in 2002 and 2003. The pension funding schedule is based upon a January 1, 2007 actuarial study. Net losses to the Hampshire County Pension Fund incurred in 2008 and 2009 will be reflected in a January 1, 2010 actuarial update and will increase the unfunded liability and member towns' assessments beginning in FY 12. The legislature is considering legislation that would extend the current funding schedule from 2030 to 2040. That would allow systems to extend the period to recoup investment losses from 2008 and reduce upward pressure on member assessments.

ARTICLE 7. Regional Lockup Assessment (Select Board)

To see if the Town will raise and appropriate a sum of money for the Hampshire County Regional Lockup Facility assessment.

The Town, as a user of the Hampshire County Regional Lockup, pays an annual assessment based on population that covers its portion of the operating costs of the Regional Lockup (the Sheriff's office, the University, and the other communities that use the lockup are the other

contributors). For the past few years the assessment has been \$31,323. We are awaiting word from the Sheriff on the amount of the FY 11 assessment.

ARTICLE 10. Reserve Fund
(Finance Committee)

To see if the Town will raise and appropriate \$100,000 for the Reserve Fund for FY 2011.

The Reserve Fund is used by the Finance Committee to pay for extraordinary or unforeseen expenses that may occur during a fiscal year. Any unspent money in the fund after the fiscal year ends becomes Free Cash. The requested \$100,000 for FY 11 is the standard amount the Finance Committee has requested for many years. The Finance Committee voted 7-0 to recommend this article.

ATTACHMENT
#1

MEMO

To: John Musante, Finance Director/Treasurer

From: David W. Burgess, Principal Assessor

Re: Additional Optional Exemption FY 2011

Date: March 16th 2010

In FY2010 we have Personal Exemptions as follows:

	Base Exemption Amt	Total Exemption Including Optional	Difference Cost of Optional Exemption	State Reimbursement
Clause 17(Surviving Spouse)				
10	\$ 2,423.64	\$ 2,989.08	\$ 565.44	
Clause 22(Military)				
55	\$ 25,600.00	\$ 44,857.08	\$19,257.08	
Clause 37A(Blind)				
10	\$ 5,000.00	\$ 7,779.55	\$ 2,779.55	
Clause 41C(Elderly)				
38	<u>\$38,000.00</u>	<u>\$57,539.39</u>	<u>\$ 19,539.39</u>	<u> </u>
Total	\$71,023.64	\$113,165.70	\$42,141.46	\$39,754